RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period of morning business until 5 p.m., with Senators permitted to speak therein up to 10 minutes each.

Mr. REID. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WYDEN. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. WYDEN. I ask to speak in morning business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

TAX REFORM

Mr. WYDEN. Mr. President, I come to the floor today to talk about creating more good-paying jobs in America and how tax reform can play a key role in job creation if it is done right. As we all know, no Member of Congress has a piece of machinery on their desk that is a job creation device. We cannot just start something like this, press a button, and then after it whirs around a bunch of times it creates a lot of new jobs. New jobs do not just come shooting out that way. Nobody has a contraption like that in the Senate, and the reality is the President does not have one nor does anybody else in America.

But there are policies that are relevant to how we create more good-paying jobs, and those involve first looking at what has worked in the past and, second, what hard, objective data is relevant to the future. Nobody can know the ideal, sure-fire way to create jobs, but we can document what has worked in the past.

In the case of comprehensive tax reform, what we know is that after the 1986 Tax Reform Act where Democrats and Republicans cleaned out scores of tax preferences to hold down marginal rates and keep progressivity, our country created 6.3 million new jobs in those 2 years after that tax reform was enacted. I am not going to say on the floor of the Senate that each and every one of those jobs was the result of tax reform, but certainly independent authorities point to that tax reform effort as a key factor in creating those jobs. With at least 14 million Americans out of work in our country right now, it would be legislative malpractice for Congress to ignore the facts that document the results of the last tax reform effort in job creation.

When we look at the possibilities should we not pay special attention to what has worked in the past? The reality is, as the Presiding Officer knows, our country has tried just about every other tool in the economic toolbox. We have seen the Recovery Act. We have seen that the Fed is essentially all in with its program of quantitative easing. We have had a whole host of other initiatives in the housing area and in the automobile area and a whole host of other areas. The fact is, the one tool in the economic toolshed that nobody has picked up is fundamental tax reform. It is my view that it is time for the Congress, working with the President, to pick up on a proven model that a host of progressive Democrats and conservative Republicans, led by a conservative Republican President, deployed 25 years ago to spur economic growth and create millions of new jobs, which I think we all understand our people in our economy need desperately.

Given that success, it is no wonder that Democrats and Republicans, as well as economists and think-tanks and bipartisan commissions, are again calling for the Congress to take up the cause of tax reform. We are very hopeful the bipartisan Joint Committee on Deficit Reduction can also bring together Democrats and Republicans as part of their work to lay out the strategy for moving ahead on tax reform.

There is no shortage of good reasons for Congress to look at this particular approach to job creation. It is bipartisan, it has been proven before, and certainly the basic principles—simplifying the Tax Code, cleaning out the clutter, and holding down rates across the board—make just as much sense today as they did a quarter century ago.

It has been argued that since the last change in our tax law there have been close to 15,000 tax changes—one for almost every working day year in and year out. So what we have on our hands now is a dysfunctional antigrowth mess. That is why I think it is particularly important that we look at moving now rather than waiting until another election or taking a detour to reform only the corporate Tax Code while, for example, leaving small businesses and working families stuck with the same broken Tax Code they have today.

Let me point out to those who say we cannot do tax reform in a divisive climate, a divided Congress and White House, as we move into an election, the fact is fundamental tax reform was passed on the eve of an election a quarter century ago—passed on the eve of an election. I say that because I know one of the fundamental architects of that tax reform, Senator Packwood, whose seat I now hold in the Senate, was not available for the bill signing because he had a community event back home.

The fact is, there is an opportunity now to move ahead with comprehensive tax reform. We have good people who have expertise in tax law on the supercommittee—Chairman BAUCUS, Senator KERRY, Congressman CAMP, Senator PORTMAN—Democrats and Republicans who have been involved in budget and tax issues for years and years with great expertise on these issues.

I want to take just a minute this afternoon to discuss some eye-opening new information on an issue that I know is being debated in the Congress, and my sense is the supercommittee is looking at it as well; that is, the question of splitting tax reform into separate corporate and individual pieces.

Last week, the Joint Committee on Taxation issued an important report that all Members ought to pay close attention to as Congress looks at tax reform as part of either a potential debt deal or other legislation. The reason I want to discuss it this afternoon is we all understand as part of the legislative process just about everything is negotiable, but there is one thing that is not negotiable—that is the accuracy of the numbers.

When the official number cruncher for taxes says they cannot make the numbers add up, Members of the Senate and the Congress have to pay attention. The new report by the Joint Committee on Taxation says—and, of course, they are the official scorekeeper for tax policy—the Congress essentially has a choice to make. We can either provide all American companies significantly lower tax rates or we can allow multinational companies to continue to avoid paying taxes on their overseas income. But the Joint Committee on Taxation says it is really not possible to do both. There is not enough money in the corporate Tax Code to do both without further increasing the budget deficit.

The Joint Committee was asked to provide its estimate of the lowest corporate rate that could be achieved by eliminating corporate tax expenditures, the various credits, deductions, and exemptions that lower the actual amount of taxes our businesses pay. In response, the joint committee estimated that 28 percent is the lowest possible corporate rate that could be achieved from eliminating corporate tax breaks and still not increase the deficit—in effect, be revenue neutral.

Mr. President, 28 percent is certainly lower than the current top rate, but it is higher than what—certainly many in the business community and the Congress have argued—is needed for U.S. companies to be competitive in the global economy. Most in the business community want to lower the top rate to 25 percent or even lower. The joint committee has determined that 28 percent is the lowest the corporate rate can be reduced to without adding to the deficit.

This new report by the Joint Committee on Taxation ought to be a real wake-up call in Washington, DC. For example, many companies not only argue that Congress can get the corporate rate down to 25 percent or even lower, but they also want to keep many of the tax breaks they now get under the current Tax Code. The joint committee's report makes clear that cannot be done without increasing the Federal deficit. And even the Joint Committee's 28-percent rate estimate was filled with all sorts of caveats, little kinds of ''look out, there may be more to the story'' kinds of warnings about the difficulty of limiting tax breaks now available to all businesses so they can no longer be claimed by corporations.

If tax breaks are eliminated for corporations but not for other businesses—remember, most businesses, as we know, are sole proprietors or limited partnerships and LLCs and the like—corporations may end up converting their businesses into other types of tax structures. If that happens, the savings from eliminating corporate tax rates would be less so that the corporate rate could end up even higher than 28 percent. That is one example of how it is very hard to repeal tax breaks just for corporations and not for other businesses.

In making their estimate, the Joint Committee looked at repealing literally scores of corporate tax breaks—everything from research to specific breaks for energy, housing, transportation, education, training, and others. But there is one important tax break that was not considered as part of the Joint Committee's analysis, and that is the ability of U.S. multinationals to avoid paying taxes on their overseas income as long as they keep that money overseas. This is the tax break that is known as deferral. Significantly, the Joint Committee has done a separate analysis of the amount of revenue that could be generated by repealing deferral. If you repeal deferral and impose related limits on foreign credits to prevent gaming, you take that step and the total comes to an eye-popping $568 billion over 10 years. That comes from an estimate the Joint Committee has done for a bipartisan group of us who have been working on this issue for the last 5 years.

I initially started working on this with our former colleague from New Hampshire, Senator Gregg, and most recently with Senator COATS and Senator BEGICH. The four of us have worked very closely on this over the last few years. If you make the changes we have made in deferral and related foreign credits that you ought to change to prevent gaming, it is possible to slash rates for all of our businesses so you can get down to 24 percent, particularly for the corporate rate, and have additional relief for small businesses. We have some ideas for how you could drive the rate lower than 24 percent. That is something I think could be a real shot in the arm to businesses in Connecticut, Oregon, and across the country. It surely would do something about creating red, white, and blue jobs so we would have more jobs here in the United States so we could put our people back to work in the manufacturing sector and the other parts of our economy that are so important. So that is the choice.

According to the Joint Committee's estimate—these are the official scorekeepers for taxes—there are two alternative ways to lower corporate tax rates. One keeps deferral, this break for doing business overseas, and then the lowest rate, according to the Joint Committee on Taxation, would be 28 percent. The other takes away the tax breaks for shipping jobs overseas, eliminates deferral, and dramatically drives the rate for our businesses down 24 percent.

As I have indicated, our bipartisan coalition has some ideas for getting it even lower. So it is important to point out that the lower 24-percent rate would apply to every U.S. company, whether it has overseas operations or not. U.S. manufacturers and retailers and other domestic businesses all would benefit from this kind of approach, lower tax rates. All U.S. businesses would have more money to invest in new equipment and hiring workers here in our country—in Connecticut, in Oregon, and all of our States. By contrast, while all businesses would get some help from a 28-percent rate, the biggest winners are those with significant operations overseas, thousands and thousands of miles from our shores. By continuing deferral, those businesses that operate overseas, those companies pay a zero rate on their overseas income. With that rate differential, there would still be a strong incentive for some of those very large businesses to target their investments, to lower tax overseas operations at the expense of investment and job creation here at home. So it should be obvious that the last thing the Congress ought to be doing in this current economic climate is to take actions that will hurt job creation. With so many people out of work, we obviously need to focus on steps to create jobs, not reward those that, in effect, ship the jobs overseas, ship the investments overseas, the investments in the jobs we need so much here at home.

We can do more for all U.S. businesses, workers, and their families through comprehensive tax reform than just by going forward with corporate-only reform. In fact, it is possible to do more for businesses, get a lower rate—I want to emphasize this—for all our businesses in America, significantly lower so they will be more competitive in tough global markets. I am not saying that tax policy is the only consideration in terms of creating jobs. I chair the International Trade Subcommittee of the Senate Finance Committee, and I have long taken as my major objective to do more to grow things here in America, to make things here in America, to add value to them here, and to ship them somewhere. There is a whole host of trade and regulatory policies that factor into this. But certainly we ought to agree that at a time when comprehensive tax reform is the one tool in the economic toolshed that has not been used—and there is a chance to take away tax breaks for shipping jobs overseas so we can get more tax relief for Americans here at home—we ought to be picking up on that opportunity.

I hope all my colleagues who are going to be part of this tax reform debate over the next few weeks—and I think it is inevitable because more and more debate is focused on tax reform, whether it ought to be corporate only—look at how you would go about pursuing it in a bipartisan way. I hope those colleagues will take a look at the new report done by the Joint Committee on Taxation. What they have made clear is that there is not enough money in the corporate tax code to get the lower rate companies want as long as some of these multinationals can continue to keep the money overseas and avoid paying U.S. taxes. Having worked on this issue with colleagues on both sides of the aisle for about the last 5 years, and watching as the economic debate goes forward, with our people hungry for new jobs, I hope colleagues will see, No. 1, there is a real lesson to be learned from what was done in 1986 where progressive Democrats and conservative Republicans came together on the eve of an election—by the way, the 1986 election. I think it is also fair to say that after tax reform, both sides did pretty well. Both sides did pretty well in the Congress and in terms of controlling the White House.

The fact is this is a chance to take a big step to help our people who are hurting now. There are 14 million people out of work. I hope colleagues will look at that new report prepared by the Joint Committee on Taxation and look at the history of how in 2 years a quarter century ago we came together, Democrats and Republicans, and passed fundamental tax reform based on the same kind of principles Senator Gregg, Senator COATS, Senator BEGICH, and I have worked on for the last 5 years, cleaning out special interest breaks, special interest preferences, cleaning out scores of them and using that money to hold down marginal rates and keeping progressivity so we have a sense of fairness. Everybody wins.

Many of our colleagues feel passionately about economic fairness. I certainly do. I know the President of the Senate does as well. Many of our colleagues on the other side of the aisle have focused on economic opportunity. With fundamental tax reform, we can have both and do it in a bipartisan way. It means picking up on the one tool in the economic toolshed that has not been used.

I will be back on the floor of this Senate to talk about this again. It is one of the reasons why I wanted to serve on the Senate Finance Committee, to tackle these fundamental issues of taxes and health care. We have had a very constructive set of hearings on tax reform chaired by Chairman BAUCUS and ranking minority member Senator HATCH. I am very hopeful that at a time when our people are so hungry for new jobs, good jobs, high-paying jobs, that we will pick up on this opportunity to bring Democrats and Republicans together, as we were on this issue a quarter century ago in enacting fundamental tax reform.

I yield the floor and note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SHELBY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONGRATULATING THE LSU TIGERS

Mr. SHELBY. Mr. President, this past Saturday evening in my home town of Tuscaloosa, AL, there was quite a scoring event—I think most of the people in the Nation watched it—and that was between the No. 1 ranked football team in the Nation, LSU, Louisiana State University, and the University of Alabama. Senator SESSIONS and I were there. We had a bet that Senator SESSIONS and Senator VITTER initiated—and Senator LANDRIEU and I concurred with—on the outcome of the game. All in fun, but you know we all like to win.

This was a tremendous football game: no touchdowns on either side, five field goals, overtime. LSU won. I congratulate them. I congratulate my two Senator colleagues here today. It was hard fought between two great football teams, and today—people have probably seen me on the Senate floor a number of times—I have never worn the purple tie, but I have one on today because I lost the bet. We lost the game. I will not wear it every day, but out of respect for my colleagues from Louisiana: congratulations Senator LANDRIEU, congratulations Senator VITTER, congratulations to the people of Louisiana and to the football team and the coaching staff in Baton Rouge.

The ACTING PRESIDENT pro tempore. The Senator from Alabama.

Mr. SESSIONS. Mr. President, I thank my colleague, Senator SHELBY, a University of Alabama graduate and also a University of Alabama law graduate. I am a law graduate myself from the University of Alabama.

It was a fabulous spectacle this weekend. There were 103,000 people in that fabulous new stadium that has been expanded with all the colors and the band and the noise. Truly, I doubt any of us will live to see a game which is any louder than that game was. It was a spectacular event and an unusual, special event that happens in the Southeastern Conference.

So we believe in being winners. Alabama played every single play—and so did LSU, with every single play—committed to winning the football game. At the end of it, after all had been said and done, it was 6–6. I think the two best teams in the Nation clearly proved they were the two best teams in the Nation. But we had to have an overtime.

So to my colleagues, Senator LANDRIEU and Senator VITTER, congratulations. I am not really proud but I am honored and willing to wear the tie of the team that beat the University of Alabama.

We look forward to celebrating with you that fabulous game and to also having some fresh Alabama gulf coast seafood. Let the whole world know that our gulf coast seafood industry is back strong, better than ever. So congratulations.

The ACTING PRESIDENT pro tempore. The Senator from Louisiana.

Mr. VITTER. Mr. President, I thank our Alabama colleagues. They are very gracious, and they are great sports in terms of this whole past week and this bet. So I am honored to be with them as they wear LSU colors for 1 day. Maybe they can keep those ties for January. Maybe after the BCS championship game they will at least wear it for an SEC victor—knock on wood—and we very much look forward to their delivering, as Senator SESSIONS said, great, delicious, fresh, and perfectly safe gulf coast seafood that all of us are going to enjoy.

So I thank them for being such great sports, and I congratulate their team for being a superteam. That was a heck of a game. It was everything it was cracked up to be. People said it would be a defensive struggle. Yet nobody imagined there would not even be a touchdown: 9–6 in overtime.

I congratulate the Alabama team that played their hearts out and is a great Alabama team.

Of course, I also want to pause and congratulate everybody in the LSU community and the LSU team. That was a hard fought struggle, a hard fought win. A lot of folks came together and made extraordinary plays. Of course, it ended with Drew Alleman's field goal in overtime. But Mo Claiborne and Eric Reid had terrific interceptions, and even the punter, Brad Wing, played a pivotal role in terms of his 73-yard punt that won the field position battle.

So there are a lot of heroes and a lot of good players on the LSU side, and I congratulate the entire LSU community.

With the rest of the State of Louisiana, we look forward—knock on wood—to several more victories leading up to, hopefully, the BCS championship game in New Orleans in the Louisiana Superdome. So, of course, we look forward to that.

Thank you, Mr. President. At this point, I turn to my colleague from Louisiana, Senator LANDRIEU.

The ACTING PRESIDENT pro tempore. The Senator from Louisiana.

Ms. LANDRIEU. Mr. President, I begin by thanking my two colleagues from Alabama for being such great sports. I never thought they would actually wear purple and gold on the Senate floor, but I am proud of them for living up to their end of the bet, for showing up appropriately dressed this afternoon.

I thank my colleague Senator VITTER for initiating this terrific bet. I am looking forward to some great gulf coast Alabama seafood. As the Senator from Louisiana said—and Senator SESSIONS alluded to—the seafood is not only plentiful, abundant, and affordable, it is also very safe. We are proud to represent the gulf coast and proud of these two extraordinary universities.

As a graduate of LSU, I am particularly proud. But our universities—both the University of Alabama and the University of Louisiana, LSU—are tremendous universities that have an extraordinary reach across all disciplines, and their football teams showed that great spirit on the field.

I want to remind my colleagues that if LSU is victorious this weekend against western Kentucky, the Tigers will advance to 10 and 0. This would be the first time they had done that since their national championship in 1958. So you know how excited our whole State is.

I also want to say the great news from this weekend is, whatever recession there was in Alabama, I think it is over because of the stimulus brought to their State by our crazy LSU fans who started to arrive on Wednesday, I understand. No one can tailgate like we can tailgate. So I think if they check their economic indicators this Monday afternoon, they all will be straight up from the good money and good fun that was had in Alabama.

But, seriously, just in conclusion, Les Miles and our team are just unbelievable, and our LSU team is just terrific. But both teams played their hearts out, and I congratulate the men on the field that night. It was an exciting game to watch, and according to the ratings the LSU-Alabama game drew the second highest rating of any CBS regular season college football broadcast since the network began its tracking.

So, again, I thank my colleagues for being good sports, and we are on the road to the national championship. We may see them again.

I yield the floor.

Mr. SHELBY. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BROWN of Massachusetts. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. COONS). Without objection, it is so ordered.